



7 Non-Negotiables for Marketing Calves

To reach top dollar, make sure your marketing objectives include these seven keys.

by Troy Marshall, American Angus Association

Establishing a breeding program requires a systematic approach. Similarly, a marketing program requires the same level of dedication, commitment and discipline. It sounds simple, but it can be difficult to chart a course if you do not know where you are going.

When looking at marketing objectives, many start with the idea of maximizing the value received for their calves. Similar to the overarching objectives of a breeding program, the art is finding the right combination of attributes to fit your environment, management and objectives.

When establishing your breeding program, there are probably some non-negotiables, or absolutes: The cows must be able to conceive in your environment, calve unassisted, etc.

Must haves for marketing

In your marketing program, the cattle have to be:

1. Properly conditioned. Not too fat to be discounted, or so thin the buyer benefits from an inordinate amount of compensatory gain.

2. Uniform. The most underrated component of marketing is uniformity, consistency and predictability. Variation is the enemy of managing cattle properly.



PHOTO BY WHITNEY WHITAKER

3. Healthy. Health has always been a major driver in determining value. Are the cattle weaned? Have they been on a good nutrition and mineral program? Have they been properly vaccinated (not overly vaccinated)?

Today, health is largely a given. Cattle that do not check all the boxes are discounted. Premiums for health status are rare in today's market, because it is simply today's industry standard.

4. Load lots. Can you offer the cattle in uniform load lot sizes? It doesn't seem fair, but lot size puts cattle into pricing categories. Producers don't have many options if they do not have the numbers to put together load lots, so the best remedy is to work with other producers to create load lots or to take advantage of marketing opportunities that at least afford buyers the opportunity to put together uniform load lots.

Continued on page 92

5. De-commoditized or “reputationized.”

Our commodity pricing system is based on averages and pushes all prices toward the mean. Better-than-average cattle, by definition, subsidize below-average cattle.

To move away from commodity pricing, one must differentiate one’s cattle so buyers are aware they are above average.

Traditionally, this was done by selling reputation cattle. These are cattle that have earned a reputation over time for being above average for at least two bidders in a market on a given day.

Selling reputation cattle is still the key, but reputation is moving away from word of mouth and personal knowledge to validated and documented claims to the health and genetics of the cattle being offered. Today most producers would consider it too big of a risk to purchase a bull without verified third-party descriptors (expected progeny differences, or EPDs).

Similarly, in the future, the buyers of your calves will not purchase without known genetic descriptors. Tools like the

AngusLinkSM Genetic Merit Scorecard[®] can help provide those descriptions.

6. Eligible for premiums.

Premiums in today’s marketplace are generated in one of three ways:

- ▶ access to specific target markets or supply chains;
- ▶ market flexibility; and
- ▶ genetic potential.

This is why producers receive premiums for black-hided cattle and cattle that are eligible for specific supply chains that require verified claims for sustainability, hormones, all-natural, etc.

7. Competitive. While this is obvious, it is amazing how much improvement we see in genetics and performance. Not many years ago, we were bragging about cattle that gained 3.5 pounds (lb.) per day, converted at 6.3 lb. of feed to 1 lb. of gain, or 30% of which qualified for the *Certified Angus Beef*[®] (CAB[®]) brand. Today those cattle are below average.

To be considered top tier today, cattle need to gain 4.5 lb. per day or more, convert

To be considered top tier today, cattle need to gain 4.5 lb. per day or more, convert at closer to 5:1 and 30% grade Prime.

at closer to 5:1 and 30% grade Prime.

Getting better is not the key; all cattle are better. Value is determined by how far you are from the average of the industry.

Here to help

Breeding objectives and marketing objectives are not the same for everyone, but the AngusLink program has one focus — to help producers reach their marketing objectives and receive more value for their cattle. Give us a call at 816-383-5100 to discuss how we can help you reach your goals. **ABB**

Editor’s note: Troy Marshall is director of commercial industry relations for the American Angus Association. Learn more at www.angus.org.